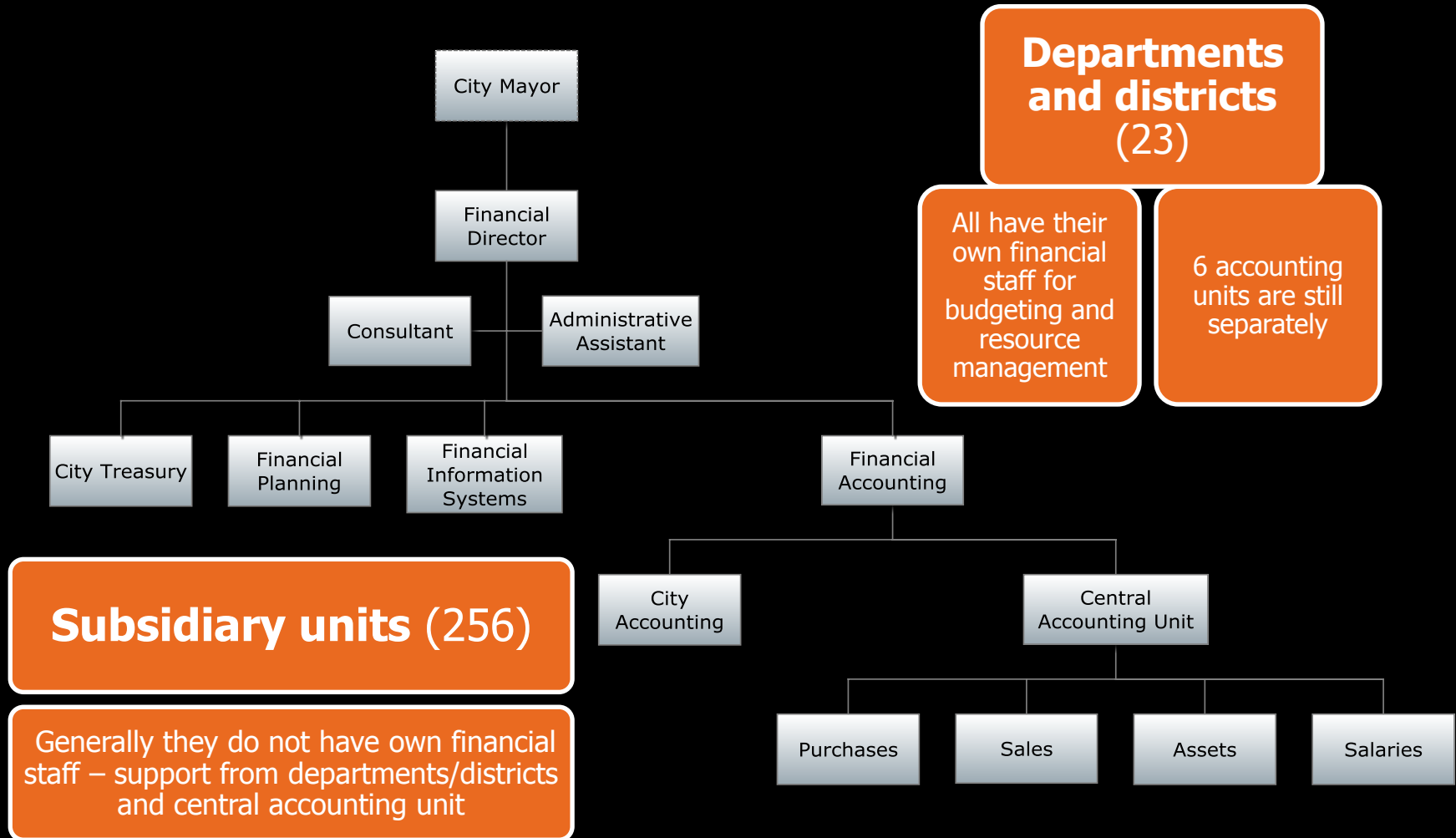


# City of Tallinn



# City Financial Service



# City financial management goals



# What has been achieved?

## Budgeting

- Transition from cash based to accrual based budgeting (2004) and product based budgeting (2007);
- Real time budget implementation data according to accounting transactions in SAP ERP;
- Submission of the budget proposals and amendments to the budget are done through SAP ERP;
- Quaterly based budget for budget implementation (possibility to set limits for expenses).

# What has been achieved?

## Cash flow management

- Centralised payments management in city treasury;
- Modern technical solutions for transactions with banks;
- Cashpool account for all payments and receipts (~50 + 12) accounts for receipts in 3 bigger banks;
- Cash flow forecasts are presented through SAP ERP.

# What has been achieved?

## Integrated financial information system

- Implementation of one integrated financial information system SAP ERP in the entire city organization;
- System includes budgeting, accounting, cash flow management, purchases, sales, payroll, real estate management and controlling functions + special web based reporting and data observation solution;
- Under development are also function of human resources management, electronic invoice management solution and data warehouse for more flexible reporting;
- All financial data and reports are available in real time in SAP ERP;

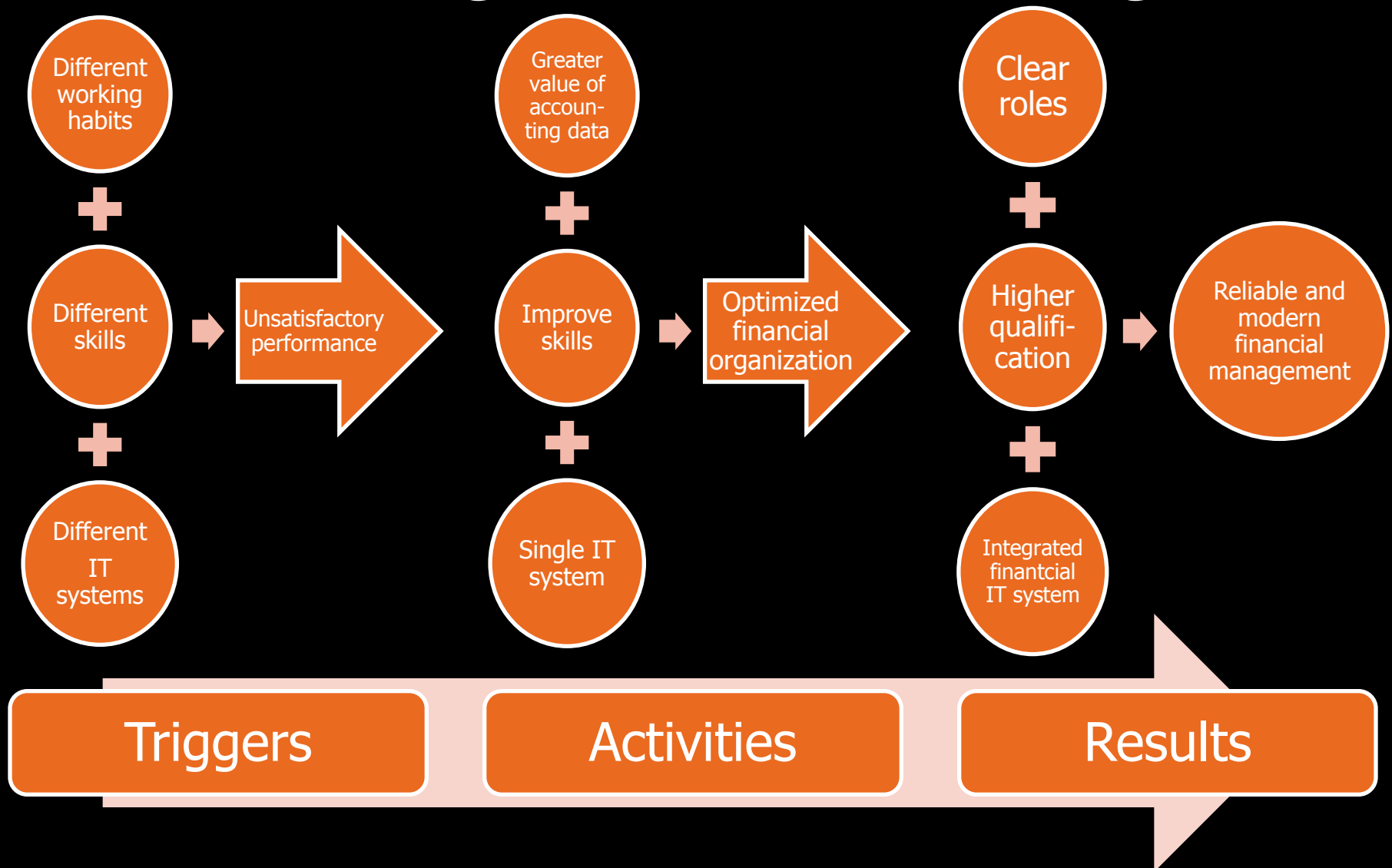
# What has been achieved?

## Accounting

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- Centralization of accounting function and transition to monofunctional division of work = possibility for specialization;
- Separation of the financial management functions (accounting, budgeting/cash flow management);
- Higher quality of group accounting and reporting;
- Unified methodology and working habits in the entire organization.

# Rearrangements in accounting



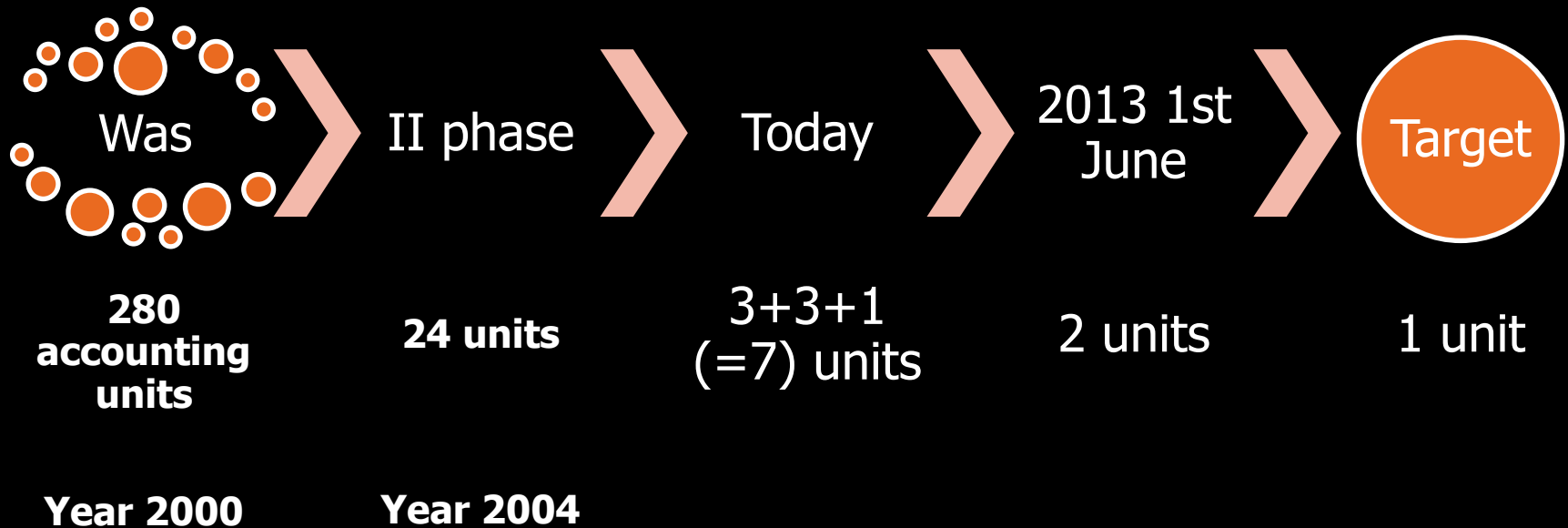


# Greater value from accounting

## What are the advantages

- Critical for success are: accrual accounting, accrual budgeting and integrated modern software system (ERP);
- Accrual budgeting enables to increase value and usage of accounting data on daily basis;
- There is no incentive to so called „hide the bills“ or pay out the money at the end of the year – this means better control over expenses and better opportunity for treasury to earn more financial revenues;
- In emergency situations it is possible in advance to take measures to limit expenses and by that also the right to take obligations instead of restricting just payments;
- Accrual budget without an effective cash flow planning and management will not work!
- If using integrated modern information system, then it is possible to obtain information on budget execution in real time – budget execution emerge in the same time when accounting transactions are made;
- But one should remember, budget is not a forecast of an accounting transactions or a financial report – budget is a management tool and accounting only provides data on budget implementation and financial state of the city!

# Optimization of accounting organization



# City central accounting unit

Our target group – city departments and districts and their subsidiary units, also city consolidation group establishments and foundations

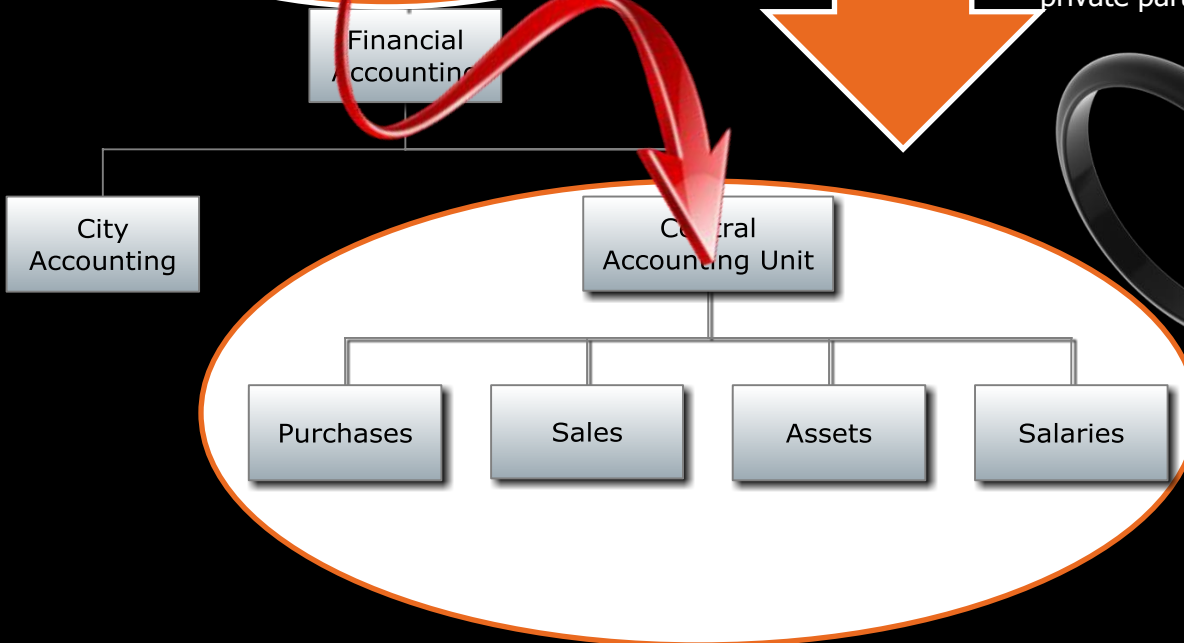
Central accounting unit :

- \*we have the know-how of the public sector accounting,
- \*we have modern software solutions,
- \*we are competent,
- \*service is always guaranteed.

Alternatives:

- \*separately own accounting unit,
- \*private partner.

Why should they prefer us?





# Questions? Comments?

We are happy to answer!